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RECENT LITERATURE ON PROTECTION.

WITHIN the last two years a number of volumes on the protective controversy have appeared, making a considerable addition to the literature of the subject. Some of the new matter was designed primarily to affect public opinion in the campaign just closed. Some of it has an interest of a more permanent sort. A survey of these publications may be of interest to the readers of this *Journal*.*

Of the books enumerated below, some can be disposed of very briefly. Mr. Moffatt's thin volume on the tariff consists of reprinted newspaper letters, which are doubtless above the average quality of contributions to the daily press, but are of little permanent value except as indications of the mode in which the popular mind was addressed in the year 1892. The most striking feature in them is that the author, while an unqualified opponent of protection, yet has only good to say of the Hawaiian reciprocity treaty of 1876, which he describes as a case of "limited free trade." He fails to see that the limitation took all the virtue out of the free trade,

* (1) *The Tariff*. By S. E. Moffat, Washington correspondent of the San Francisco *Examiner*. New York: P. L. Webster & Co. 12mo, pp. 112.

(2) *The Farmer's Tariff Manual*. By Daniel Strange. New York: G. P. Putnam's Sons. 8vo, pp. 363.

(3) *Economic and Industrial Delusions: A Discussion of the Case for Protection*. By Arthur B. and Henry Farquhar. New York: G. P. Putnam's Sons. 8vo, pp. 424.

(4) *Taxation and Work: A Series of Treatises on the Tariff and the Currency*. By Edward Atkinson, LL.D., Ph.D. New York: G. P. Putnam's Sons. 8vo, pp. 296.

(5) *The Economy of High Wages: An Inquiry into the Cause of High Wages and their Effect on Methods and Cost of Production*. By J. Schoenhof, late United States Consul. With an introduction by Thomas F. Bayard, late Secretary of State. New York: G. P. Putnam's Sons. 8vo, pp. 414.

(6) *Industrial Freedom: A Study in Politics*. By B. R. Wise, some time Attorney-General of New South Wales, and Honorary Member of the Cobden Club. London: Cassell & Co. 8vo, pp. 372.

(7) *The Commerce of Nations*. By C. F. Bastable, LL.D., Professor of Political Economy in the University of Dublin. London: Methuen & Co. 8vo, pp. 216.

(8) *The Economic Basis of Protection*. By Simon N. Patten, Ph.D., Professor of Political Economy, Wharton School of Finance and Economy, University of Pennsylvania. Philadelphia: J. B. Lippincott Company. 8vo, pp. 144.

and maintains an indiscriminating faith that any reduction of duties, however made, must work for good.

Mr. Strange's *Farmer's Tariff Manual* is more ambitious in form and in size: it undertakes to examine the theory of protection in general, its history in the United States, and its working as to a considerable number of articles in recent years. But Mr. Strange disarms criticisms by beginning his preface with the announcement that he has "no new theories to advance, no new facts to offer." He attacks vigorously the cruder arguments advanced by the other side, and disposes of them without trouble. Avowedly written with the object of convincing the average citizen in the campaign just closed, the book does not invite the attention of the economist who seeks new light on the subject.

The volume on *Economic and Industrial Delusions* stated to be by the Messrs. Farquhar, but chiefly from the pen of Mr. A. B. Farquhar, is another unsparing attack on the current arguments for protection. The balance of trade, the notion that all prosperity has been due to high protection, panics and trusts, pauper labor and protection to agriculture, are taken up vigorously if not always with that sort of discrimination which would be expected of writers making greater pretensions to scientific treatment. A flavor of its own is given to the volume by the reference to the personal experience of the writers, who are manufacturers of agricultural implements. They point out that, "owing to advantages in labor and machinery, we [the Farquhar firm] are able to compete with all other producers in the world without protection," and that the duties on iron, lumber, and coal (*quære* as to the last item?) hamper their enterprise. And in a very effective passage Mr. A. B. Farquhar protests against

that craven dependence on government pampering into which so many government industries have fallen. . . . On first beginning to manufacture implements for export, we [the Messrs. Farquhar] found, as have so many in similar lines, the margin of profits so narrow that unremitting vigilance, close and grinding study, were indispensably necessary to keep us in business at all, compelled, as American manufacturers are, to compete with makers abroad under no extra charges for

raw materials. . . . I cannot profess to have enjoyed this discipline. People do not always enjoy what is good for them. But experience has helped me to realize how impossible it is to make a strong man by feeding him, like a baby, from a spoon.

It would be a mistake, no doubt, to lay it down as an un-failing rule that this bracing effect of competition is lacking when it is confined within domestic bounds; but certainly here is interesting testimony of the experience of one who has met foreign competition with success.

Mr. Edward Atkinson's volume on *Taxation and Work* contains some thirty essays, or chapters, in a compass of about three hundred pages. The modest sub-title, *A Series of Treatises on the Tariff and the Currency*, disclaims any attempt at systematic treatment, and the different topics of the volume are connected chiefly by the present political importance which they have in common. The later chapters, which discuss the monetary situation, and especially the silver situation, hang but loosely with the bulk of the volume, which is concerned with the tariff. Even in the body of the book there are chapters which depart far from the main line of thought, like that on the niggardly pay which our government grants to its responsible officials, or that on the burden of great standing armies in European countries.

So far as the tariff question goes, Mr. Atkinson, in his closing treatise, or chapter, professes himself to stand on a middle ground between "the doctrinaire free-traders and the intolerant advocates of McKinleyism." He adopts nevertheless, as the motto for the volume, a quotation from the decision of the Supreme Court in the well-known case of *Loan Association v. Topeka*, to the effect that a grant in aid of private enterprises "is not the less a robbery because it is done under the forms of law, and is called taxation." And, again, in a somewhat extended consideration of the suit as to the constitutionality of the sugar bounty, supposed to involve the same principle, he uses expressions in which a cavilling critic might find some perceptible remnants of a doctrinaire spirit. It might be thought, too, that, when Mr. Atkinson lays it down in italics that "all taxes that the people pay, the government

should receive," he states the essential principle of free trade without qualification. But in his specific proposals he does not go so far. He is willing that duties on certain sorts of manufactures should remain, such as silks, laces, finer textile fabrics, china-ware, earthenware; though, surely, these may operate as protective duties, and may impose taxes that the government does not receive. There seems to be some further spirit of concession to the other side in the proposition that in selecting the subjects for duties "such discrimination should be used as will most fully protect American labor from injury."

Practically, Mr. Atkinson urges the immediate abolition of duties on raw materials, such as wool, flax, hemp, iron ore, and (apparently) pig iron. In these specific proposals many will agree who might find themselves unable to accept all of his general reasoning, and might differ as to the degree of benefit which the proposed changes would bring. He calculates that duties on materials which now bring to the government a revenue of but fourteen millions cause to the people a burden of fifty times as much,—seven hundred millions. The extent of the burden of such duties on the community can hardly be ascertained exactly or approximately; and even Mr. Atkinson's ingenious methods of figuring do not avail to prove so huge a loss as he computes.

Mr. Schoenhof's volume on the *Economy of High Wages* divides itself into two parts. The first professes to investigate the cause of high wages; the second, the effect of high wages. It would be more accurate to describe the first part as a discussion of the general conditions which bring it about that wages are high or low; the second part as an investigation, made with special regard to our tariff legislation, of relative money wages and money expenses of production in certain industries in the United States and Europe. The value of the two is very different. The more general discussion of the first part contains much that is false or but half-true. The second contains a mass of interesting and instructive information.

Briefly, the general reasoning in the first part is that high wages and a high standard of living increase efficiency; for

high wages lead to more strenuous exertion, and lead to greater use of machinery. But great efficiency leads to high wages. Consequently, high wages cause high wages. This happy solution of the wages problem naturally leads Mr. Schoenhof to reject both "the old theory of wages"—namely, Ricardo's "so-called iron law"—and the view of the wages question taken by such a writer as Professor Brentano. Like others of optimistic trend, he finds himself equally repelled by the impassive treatment of the problem at the hands of the classic school and the sentimental acceptance of the laborers' views of their woes which characterizes the writings of the more extreme dissidents. Mr. Schoenhof carries his optimism so far as to assure us that "employers can under no possibility lose where a permanently high rate of wages prevails," the ground being that higher wages "simply register improvements in the economy of production," while "the employer gains positively by the rise in the standard of wages through the increasing demand thereby created for the increasing product."

Not to mention the fallacy in the last-quoted opinion as to the effects of increasing demand on profits, what a pity it is that so cheerful a view of the wages question does not conform to the facts of the case! It may be freely admitted that the productiveness of labor in the long run is the most important factor in determining the range of wages: so much all economists would admit, even though they differ among themselves as to the machinery by which great productiveness works out its effect of high wages. But to reverse the proposition, and say that high wages cause efficiency,—and so, by a simple circle, cause themselves,—is a very different thing. No doubt there is a measure of truth in this mode of approaching the subject. The greater intelligence, strenuousness, inventiveness, general activity of brain and body, which are found in a population long possessed of high wages and maintaining a high standard of living, are real causes of efficiency in production. But this group of forces is only one among a number, all of which contribute to make labor yield a large product; and at best it acts slowly and over long periods of time. To say that higher wages are the direct and prompt

cause of greater efficiency of labor, or that the increase in efficiency is likely to be in any proportion to the higher wages, or that employers are really mistaken in supposing it to be for their immediate interest to keep wages low,—all this is calculated to bring economic speculation into contempt.

It is but fair to Mr. Schoenhof, however, to say that his general propositions, while laid down very broadly, are always presented with an eye to a particular application,—their bearing on the tariff controversy in the United States. Here Mr. Schoenhof stands on firmer ground, and has something to say that is interesting and valuable. In his second part he takes up a number of industries to which protection is now applied, and attempts to ascertain the comparative efficiency of European and American labor in them, and the comparative rates of money wages. He thus reaches a conclusion as to the money expenses for labor—or, as the common phrase is, the “labor cost”—in a large number of articles. At the close of the volume he summarizes his results. For making stoneware, glassware, coal, iron ore, steel rails, cotton yarns and cloths, boots and shoes, the money out-lay for labor is less in the United States than in Europe; for pig iron, coke, woollen dress goods, it is greater; for carpets it is about the same. There can be no doubt that the efficiency of American labor is greater than that of European labor in a very large number of manufacturing industries, and that Mr. Schoenhof is right in concluding that a great reduction or entire repeal of the existing duties would in no way affect them; unless, indeed, by cheapening their materials, it enabled them to reach the stage of exporting their products. The cause of this superiority, which would enable such industries to pay wages at the American rates even in face of unrestricted competition from abroad, is to be found partly in the energy, skill, and ingenuity of employers, partly in favorable natural conditions, partly in greater strenuousness of exertion by the workmen; and we may admit—to repeat what was said a moment ago—that the higher wages are in some degree a cause, although in the main only an effect, of greater efficiency.

It is unfortunate that Mr. Schoenhof's interesting facts and

figures on this subject are presented with so pronounced a bias. It is at best a difficult thing to ascertain from books and accounts what is the expense of bringing to market a particular commodity, or the part which the wages bill plays in that expense. No test on such a matter is so conclusive as that of competition in the market, and we can never be sure that the American manufacturer can produce as cheaply as his European rival until he has met him in an unprotected field. Meanwhile estimates like Mr. Schoenhof's are helpful; but he has an obvious disposition to minimize any disadvantages — other than those arising from duties on materials — of the American producer, and to magnify his advantages. His figures will not fail to be challenged by the other side, and, though undoubtedly collected with painstaking industry, cannot command the confidence which would be insured by a more judicial attitude towards his subject.

The substantial volume issued under the seal of the Cobden Club, on *Industrial Freedom*, comes from a writer whose opinions have been affected by two influences of very different sorts. Mr. Wise is an Oxford man, and was member of a society for the discussion of economic and social questions of which Toynbee was the guiding spirit; and in such an environment he must have been led to take a critical view of the classic doctrines on international trade as well as on other subjects. Mr. Wise, an Australian by birth, in due time became Attorney-General of New South Wales, a friend of Sir Henry Parkes, and a prominent member of the Conservative party which has stood out against the protectionist movement in Australia. In this capacity his mind would naturally become more open to arguments in favor of free trade than to those in favor of the opposite policy. The signs of these two influences are to be discerned in the work before us. Mr. Wise is careful to point out that international free trade has no necessary connection with any general doctrine of *laissez-faire*, and connotes nothing as to the desirability of unrestricted competition in general. He has something to say of the fundamental assumptions of political economy, and of the individualist school, enters on the question of the limits of State interfer-

ence, and assents emphatically to the view that the conditions of competition are very different in the market for labor from those in the market for commodities. On the other hand, his political career may be inferred to have led him to some statements not of a judicial cast in regard to the working of free trade and protection. It may be doubted whether the prosperity of Great Britain, promoted as it undoubtedly has been by the policy of free trade, felt the stimulus as unmistakably and instantaneously as Mr. Wise (following Mr. Gladstone) would have us believe. It is doubtful, also, whether the growth of great military armaments has a very close connection with the revival of protection on the continent of Europe. And it is going too far to imply that "trusts and combines" could not be permanently successful if exposed to foreign competition, or to say, as clearly as Mr. Wise does, that free trade has a distinct effect in mitigating, or protection in increasing, the severity of fluctuations in industry and of commercial crises.

On the whole, Mr. Wise's book, while it hardly offers much that is new, is a thoughtful contribution to the literature of the subject. He is familiar with the English literature of the subject (that in other languages is not referred to), and quotes copiously from writers on both sides. The volume divides itself into four parts: an introductory consideration of the revival of protection, which he rightly declares to be due to very different causes in different countries; a further introductory part on the relations of economics and politics, and the distinctions between economic and political considerations; and, then, two independent parts on the economic and political arguments respectively. The distinction between these two sets of arguments, however, is not drawn with unflinching discrimination: the young industries argument, for instance, appears among the political arguments, though surely its main lines are economic. The core of the matter, Mr. Wise rightly insists, is a question of production, — whether restrictions on imports operate to increase the total productive powers of the community. He repeats the familiar reasoning that restrictions divert industry into channels less productive than those into which it would other-

wise go, but states it with some exaggeration and apparently some confusion of thought. Protection, he says, causes three distinct sorts of losses: (1) the lessening of the productiveness of labor and capital by the diversion from more to less profitable occupations; (2) the necessity of "a fund out of which the profits of the protected industries may be made equal to those of the national industries"; and (3) "the decrease in the purchasing power of the consumer, arising from the increase of prices occasioned by protective duties." But, surely, the second and third are not separate and additional losses: they are merely the concrete form in which the first loss is distributed over the community at large. It is not often, however, that Mr. Wise is guilty of confusion of this sort. In the main, his reasoning, if not always judicial, is in substance unimpeachable.

One or two minor errors may be noted. Mr. David A. Wells is described as "now happily again a Senator of the United States,"—a promotion which that distinguished gentleman has not yet secured. In several passages the Wharton School in the University of Pennsylvania is referred to as if its instructors were under bonds to teach protectionist doctrine. Whatever may have been the case at the outset, the scholars in that institution are certainly now under no such fetters, and imputations as to their lack of independence have no foundation. Mr. Wise, it may be added, has something to say of Professor Patten's contributions to the protective controversy; but he does not meet squarely the reasoning of his opponent, and leaves that part of the discussion in no more satisfactory state than he found it.

Professor Bastable's volume on the *Commerce of Nations*, in the series of *Social Questions of To-day*, is in some respects misnamed. It is a discussion of protection and free trade, and of those aspects of international trade which touch on that controversy. Such a discussion may neglect much that is interesting and important in the commerce of nations; and the author himself would not assume that he has covered the subject indicated by the title. The historical aspects of the question—to which the volumes of this series are to give special attention, and which Professor Bastable in his preface

proposes to *make prominent* — are treated by describing the history of tariff policy, and not the history of commerce. Similarly, the discussion of the questions of principle is carried on, with the exception of two introductory chapters, with reference simply to the arguments for or against protective duties. The real subject of the volume, then, is the protective controversy.

This subject is treated in the sober and scholarly fashion to be expected from so skilled and capable an economist; and the volume gives a better and fairer statement of the pros and cons of protection than has been offered to the public for many years. Yet it may be doubted whether the plan of the book is such as to accomplish either of the two objects which it may have in view,—a presentation of the subject for the general public or a discussion of the special topic for those already versed in economics. It begins with two brief chapters on matters of principle; then come half a dozen chapters on the mercantile system and on the tariff history of England, the United States, Continental countries, and British colonies; and at the close we have again chapters touching chiefly on questions of principle, such as the economic, political, and social arguments, reciprocity, commercial federation, and so on. In all three parts the question may be asked whether the treatment is not too compact to be helpful to the untrained reader, too sketchy to be helpful to him who is trained. Thus one of the early chapters, on the leading features of international commerce points out that international trade is but a form of the division of labor, carried on under the peculiar conditions described by the phrase “comparative costs.” The uninformed reader would hardly get from the brief exposition any clear notion of what the doctrine of comparative costs is, while the student already familiar with the subject would wish for a more careful consideration of the nature of the difference between domestic and international exchange. Similarly, in the historical chapters, the tariff history of the United States is disposed of in a dozen pages, which aim to cover the period from 1789 to 1890. So brief a sketch must have a kaleidoscopic effect on those who know nothing, and cannot add much for those who

already know something. It may be questioned whether the elucidation of principle by illustrations from experience might not have been better accomplished by considering more in detail one or two important cases than by sketching so hastily the history of many countries. In the trade between England and the United States, or between England and the Continent, some striking illustrations of the working of the principle of comparative costs could be found; and a careful discussion of these would probably be more helpful both to the trained and to the untrained reader than the several histories of legislation which Professor Bastable gives.

The most important chapter in the latter part of the volume is that on the economic arguments for protection, seventeen of which are separately enumerated and discussed. Some of these are of a sort hardly needing very serious attention, except for the benefit of those quite new to economic discussion: others play an important part in the controversies between economists. In the main, Professor Bastable is just and discriminating. In his consideration of the young industries argument, he rightly lays stress on the fact that as between different parts of the same country—especially the East and West in the United States—the young industries spring up without aid in the newer regions, as industrial conditions change and as the industries become really advantageous. On the other hand, he seems to make a mistake in treating the argument that protection lowers prices as one independent of the young industries argument: is it anything but a variation of this latter? In general, something would probably have been gained by consolidating the arguments more, and giving them a more connected and continuous treatment. The separate consideration of so many lines of reasoning gives an air of scrappiness and an impression of greater variety and complexity of reasoning than in fact exists. Some parts of the chapter perhaps are fairly open to more substantial criticism. The alleged effect of protection in attracting immigration, whether of labor or of capital, seems to the present writer not to be adequately disposed of. But, on the whole, if criticism is to be made on the volume, it must lie rather against the plan than the execution.

Professor Patten's *Economic Basis of Protection*, which comes last on the list of books here under review, was published some two years ago. It stands on very different ground from the others, and deserves a notice, even though a belated one, in any review of recent contributions to the protective controversy. It is a presentation of the case for protection by an able and distinguished scholar, whose reputation is great and growing. Its arguments are very different from those commonly heard. Indeed, the ordinary protectionist, if he succeeded in reading and following Professor Patten, would be nonplussed at the dress in which the argument for his policy appeared. Professor Patten is nothing, if not original; and here, as elsewhere, he advances new propositions and fresh lines of reasoning.

The main argument in favor of protective duties is derived from the law of diminishing returns. In countries producing raw materials, says Professor Patten, the effect of free trade is to cause the exportation of raw materials, and especially of food. The quantity produced, say in the United States, is greater than it would be without the foreign demand. Inferior soils are resorted to, the price rises, and the consumers of food are worse off than they would be in the absence of the foreign demand. Rent rises, and "natural monopolies" have a greater share of the total production. In the foreign country producing manufactures, the reverse happens. Less food is raised, poorer soils are thrown out of cultivation, the price of food falls, and rent declines. The food-exporting country loses, the food-importing country gains.

This has a seductively logical appearance. It seems to meet Ricardo on his own ground, and overthrow him with his own weapons. But an attentive examination of the case supposed will show that the rise in the price of food and in rent does not of itself indicate that the trade of the food-exporting country with the other country is a losing one, and, moreover, that, if the trade becomes a real source of loss, it will cease of its own accord. If we consider the case as it stands before the demand for food brings the supposed resort to poorer soils, we find the cause of international trade to be that a given amount of labor devoted to raising and exporting

food will yield more of imported goods than the same labor would yield if applied directly to making such goods at home. Assume now, as Professor Patten does, that an increased production of food causes a resort to poorer soils, a higher price of food, and a rise in rent. But, even at the higher cost and price of food, the labor devoted to raising and exporting it may still yield a higher return in imported goods than the same labor would yield in their domestic production; and, if it failed to do so, food would cease to be exported. Undoubtedly, the community loses by having to resort to poorer soils; but it may remain more profitable to export even the lessened product of agricultural labor than to make manufactures at home. The loss from the pressure of the law of diminishing returns is offset by the gain from cheaper imports. When that gain ceases, the trade will cease also.

The rent which the best land first taken in cultivation will yield under the conditions assumed is spoken of by Professor Patten as a source of loss. But, surely, it is really a mitigation of the loss which the resort to inferior soils entails. Though the land-owner pockets the excess of yield on the first soil, the community does not lose it. If the distribution of wealth so ensuing needs to be corrected, the method should not be one that involves a diminution of the productive power of the community as a whole and of the marginal laborers in the community. Professor Patten seems to perceive that there is a difficulty here; for he maintains that, after all, the farmer (*i.e.*, land-owner) does not gain from the high price of food, because the high price merely increases "the share secured by the many monopolies standing between the farmer and consumer." If there be such monopolies, they are certainly of a different sort from the "natural monopolies" which Professor Patten usually speaks of as gaining at the expense of the rest of the community from the workings of international trade. In any case, the introduction of these other monopolies is a departure from the Ricardian simplicity of reasoning which marks the main line of argument; and it does not appear that they have anything to do with protection.

So far as the application of Professor Patten's reasoning to the actual development of industry is concerned, it is obvious

that in a new country like the United States, possessing hitherto an abundance of fresh land, the tendency to diminishing returns has not been felt. Nor is there any evidence to show that, say in Australia, an increase in the production of wool would lead to a higher price of wool. The deductive reasoner is always in danger of falling into the mistake of which Ricardo and his followers are justly enough accused,—of applying to every-day phenomena conclusions based on assumed premises, without inquiring carefully whether the premises hold good. How much worse is the result if the conclusions do not even follow logically from the premises!

Another theme which recurs in Professor Patten's volume is the distinction between static and dynamic societies; an active, as distinguished from a passive, policy being specially commended for "dynamic" societies. It is not clear that the distinction between static and dynamic societies is essentially different from that which economists have had in mind between old and young countries. We are told that "a dynamic state [is] caused by the fact that the energy of the people is so great that they are opening up new opportunities for labor as rapidly as population grows." Has England been dynamic or static during the last half-century? Was the United States less dynamic between 1846 and 1860 than in the last fifteen years? And was an active policy then followed by these two communities? Activity by the labor and capital of the community is the important thing, as Professor Patten would certainly not deny; and this does not necessarily arise from activity by the government, least of all from one particular phase of public activity. There is an appearance of scientific precision in the use of the words "static" and "dynamic"; but it is not clear that any precise use of the terms is in fact kept in mind, or that any workable conclusions rest on the distinction. There seems to be a similar difficulty in determining what is an active and what a passive policy. Professor Patten remarks that "an active policy should not be confined to a tariff," and mentions internal improvements and manual training as other features in an active policy. No one would deny that government should do what it advantageously can towards increasing public welfare. The

problem is what forms of activity are advantageous and what not. A "passive" policy as to international trade may be the best, even though passive.

There are references in the volume to some industries which, it is said, could be advantageously carried on in the United States, and yet are not. The production of tea and raw silk in the Southern States is so spoken of. It is not easy to see that the grounds for advocating duties on these articles are essentially different from those of the familiar argument for protection to young industries, or that any really new grounds are presented for an "active" policy in levying import duties. The fact probably is that these particular commodities are not produced in the Southern States because of permanent obstacles. They are produced with a preponderant use of manual labor. General intelligence, skill and ingenuity, mechanical capacity and training, cannot apparently be advantageously applied to them. The outlook for educational protection, or protection to young industries, is consequently not promising. He would be a doctrinaire who alleged that every possibility had ceased for the successful application of such protection; but whether the probability exists is another matter, in which the likelihood of wisdom and discrimination by the legislators must be an important factor. General advocacy of an active policy for a dynamic society does not help us to any definite solution.

It would be unjust to close this notice without recognizing once again the scholarly character of Professor Patten's writings and the stimulating influence of his discussions. He is an original and subtle thinker, trained in the old theory and the new, and ambitious to enter on new paths and make fresh discoveries. If he shares with the socialists a drift to erratic reasoning and a lack of sound judgment as to what things are practicable as men and governments now are, he shares with them also a keen insight into the defects of the existing industrial organization and an undaunted disposition to challenge accepted conventions and half-truths. Such a thinker, even though his specific recommendations may sometimes raise a smile, can do notable service in the advance of economic theory.

F. W. TAUSSIG.